

REFINITIV

DELTA REPORT

10-Q

SYLVAMO CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 802

█ **CHANGES** 196

█ **DELETIONS** 325

█ **ADDITIONS** 281

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended **September 30, 2023** **March 31, 2024**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From ____ to ____

Commission File Number **001-40718**

SYLVAMO CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

86-2596371

(I.R.S. Employer
Identification No.)

**6077 Primacy Parkway
Memphis, Tennessee**

(Address of Principal Executive Offices)

38119

(Zip Code)

901-519-8000

(Registrant's Telephone Number, Including Area Code)

N/A

(Former name, former address and and former fiscal year if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	SLVM	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing

requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (paragraph 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange

Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant's common stock, par value \$1.00 per share, as of November 3, 2023 May 3, 2024 was 41,553,680 41,127,768.

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ITEM 1. FINANCIAL STATEMENTS

SYLVAMO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In millions, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
NET SALES	\$ 897	\$ 968	\$ 2,757	\$ 2,701
COSTS AND EXPENSES				
Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested shown separately below)	665	687	2,055	1,965
Selling and administrative expenses	89	80	248	227
Depreciation, amortization and cost of timber harvested	36	30	105	94
Taxes other than payroll and income taxes	7	6	19	18
Interest (income) expense, net	9	18	28	52
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	91	147	302	345
Income tax provision	33	38	98	97
NET INCOME FROM CONTINUING OPERATIONS	58	109	204	248
Discontinued operations, net of taxes	—	(52)	—	(224)
NET INCOME (LOSS)	\$ 58	\$ 57	\$ 204	\$ 24
BASIC EARNINGS (LOSS) PER SHARE				
Earnings from continuing operations	\$ 1.39	\$ 2.47	\$ 4.83	\$ 5.62
Discontinued operations, net of taxes	—	(1.18)	—	(5.08)
Net earnings (loss)	\$ 1.39	\$ 1.29	\$ 4.83	\$ 0.54
DILUTED EARNINGS (LOSS) PER SHARE				
Earnings from continuing operations	\$ 1.37	\$ 2.44	\$ 4.77	\$ 5.58
Discontinued operations, net of taxes	—	(1.16)	—	(5.04)
Net earnings (loss)	\$ 1.37	\$ 1.28	\$ 4.77	\$ 0.54

	Three Months Ended	
	March 31,	
	2024	2023
NET SALES	\$ 905	\$ 941
COSTS AND EXPENSES		
Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested shown separately below)	716	670
Selling and administrative expenses	74	82
Depreciation, amortization and cost of timber harvested	39	35

Taxes other than payroll and income taxes	7	6
Interest (income) expense, net	9	7
INCOME BEFORE INCOME TAXES	60	141
Income tax provision	17	44
NET INCOME	\$ 43	\$ 97
EARNINGS PER SHARE		
Basic	\$ 1.04	\$ 2.28
Diluted	\$ 1.02	\$ 2.25

The accompanying notes are an integral part of these condensed consolidated financial statements.

SYLVAMO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)
(In millions)

	Three Months Ended March 31,		Three Months Ended March 31,	
	Three Months Ended September 30,	Nine Months Ended September 30,	2024	2023
	2023	2022	2023	2022
NET INCOME (LOSS)	\$ 58	\$ 57	\$ 204	\$ 24
NET INCOME				
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES	OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES			
Defined Benefit Pension and Postretirement Adjustments:	Defined Benefit Pension and Postretirement Adjustments:			
Amortization of pension and postretirement loss (less taxes of \$0, \$0, \$0 and \$0)	—	—	—	(1)
Defined Benefit Pension and Postretirement Adjustments:				
Defined Benefit Pension and Postretirement Adjustments:				
Amortization of pension and postretirement loss (less taxes of \$0 and \$0)				

Amortization of pension and postretirement loss (less taxes of \$0 and \$0)					
Amortization of pension and postretirement loss (less taxes of \$0 and \$0)					
Change in cumulative foreign currency translation adjustment	Change in cumulative foreign currency translation adjustment	(46)	(57)	40	21
Net gains/losses on cash flow hedging derivatives:	Net gains/losses on cash flow hedging derivatives:				
Net gains (losses) arising during the period (less taxes of \$0, \$2, \$9 and \$15)		3	7	21	40
Reclassification adjustment for (gains) losses included in net earnings (less taxes of \$3, \$1, \$9 and \$6)		(7)	(2)	(21)	(12)
Net gains (losses) arising during the period (less taxes of \$1 and \$0)					
Net gains (losses) arising during the period (less taxes of \$1 and \$0)					
Net gains (losses) arising during the period (less taxes of \$1 and \$0)					
Reclassification adjustment for (gains) losses included in net earnings (less taxes of \$1 and \$2)					
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES	TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES	(50)	(52)	40	48
COMPREHENSIVE INCOME (LOSS)	COMPREHENSIVE INCOME (LOSS)	\$ 8	\$ 5	\$ 244	\$ 72

The accompanying notes are an integral part of these condensed consolidated financial statements.

SYLVAMO CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(unaudited)			
ASSETS	(unaudited)			

ASSETS									
ASSETS		ASSETS							
Current Assets	Current Assets								
Current Assets	Current Assets								
Cash and temporary investments	Cash and temporary investments								
Cash and temporary investments	Cash and temporary investments								
Cash and temporary investments	Cash and temporary investments	\$ 194	\$ 360						
Restricted cash	Restricted cash	60	—						
Accounts and notes receivable, net	Accounts and notes receivable, net	423	450						
Contract assets	Contract assets	25	30						
Inventories	Inventories	456	364						
Other current assets	Other current assets	28	39						
Total Current Assets	Total Current Assets	1,186	1,243						
Plants, Properties and Equipment, net	Plants, Properties and Equipment, net	949	817						
Forestlands	Forestlands	346	322						
Goodwill	Goodwill	134	128						
Right of Use Assets	Right of Use Assets	39	35						
Deferred Charges and Other Assets	Deferred Charges and Other Assets	131	165						
TOTAL ASSETS	TOTAL ASSETS	\$ 2,785	\$ 2,710						
LIABILITIES AND EQUITY									
Current Liabilities	Current Liabilities								
Current Liabilities	Current Liabilities								
Accounts payable	Accounts payable								
Accounts payable	Accounts payable								
Accounts payable	Accounts payable	\$ 382	\$ 453						
Notes payable and current maturities of long-term debt	Notes payable and current maturities of long-term debt	53	29						

Accrued payroll and benefits	Accrued payroll and benefits	66	81
Other current liabilities	Other current liabilities	173	165
Total Current Liabilities	Total Current Liabilities	674	728
Long-Term Debt	Long-Term Debt	946	1,003
Deferred Income Taxes	Deferred Income Taxes	202	183
Other Liabilities	Other Liabilities	127	118
Commitments and Contingent Liabilities (Note 13)			
Commitments and Contingent Liabilities (Note 12)			
Equity	Equity		
Common stock \$1 par value, 200.0 shares authorized, 44.5 shares and 44.2 shares issued and 41.5 shares and 42.6 shares outstanding at September 30, 2023 and December 31, 2022, respectively		45	44
Common stock \$1 par value, 200.0 shares authorized, 44.9 shares and 44.5 shares issued and 41.4 shares and 41.2 shares outstanding at March 31, 2024 and December 31, 2023, respectively			
Common stock \$1 par value, 200.0 shares authorized, 44.9 shares and 44.5 shares issued and 41.4 shares and 41.2 shares outstanding at March 31, 2024 and December 31, 2023, respectively			
Common stock \$1 par value, 200.0 shares authorized, 44.9 shares and 44.5 shares issued and 41.4 shares and 41.2 shares outstanding at March 31, 2024 and December 31, 2023, respectively			
Paid-in capital	Paid-in capital	45	25
Retained earnings	Retained earnings	2,185	2,029
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(1,298)	(1,338)
		977	760

Less: Common stock held in treasury, at cost, 2.9 shares and 1.6 shares at September 30, 2023 and December 31, 2022, respectively	(141)	(82)
1,059		
Less: Common stock held in treasury, at cost, 3.5 shares and 3.3 shares at March 31, 2024 and December 31, 2023, respectively		
Total Equity	Total Equity	836
TOTAL LIABILITIES AND EQUITY	TOTAL LIABILITIES AND EQUITY	678
2,785	\$ 2,710	

The accompanying notes are an integral part of these condensed consolidated financial statements.

SYLAMO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(In millions)

		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2024	2023
OPERATING ACTIVITIES	OPERATING ACTIVITIES				
Net income from continuing operations		\$ 204	\$248		
Adjustments to reconcile net income to net cash provided by operating activities:					
Net income					
Net income					
Net income					
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation, amortization, and cost of timber harvested					

Depreciation, amortization, and cost of timber harvested			
Depreciation, amortization, and cost of timber harvested	Depreciation, amortization, and cost of timber harvested	105	94
Deferred income tax provision (benefit), net	Deferred income tax provision (benefit), net	4	4
Stock-based compensation	Stock-based compensation	21	16
Changes in operating assets and liabilities and other			
Changes in operating assets and liabilities and other:			
Accounts and notes receivable			
Accounts and notes receivable			
Accounts and notes receivable	Accounts and notes receivable	99	(81)
Inventories	Inventories	(46)	(76)
Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	(122)	18
Other	Other	72	53
CASH PROVIDED BY OPERATING ACTIVITIES			
FROM CONTINUING OPERATIONS		337	276
CASH PROVIDED BY OPERATING ACTIVITIES			
FROM DISCONTINUED OPERATIONS, NET		—	20
CASH PROVIDED BY OPERATING ACTIVITIES	CASH PROVIDED BY OPERATING ACTIVITIES	337	296
INVESTMENT ACTIVITIES	INVESTMENT ACTIVITIES		
Invested in capital projects	Invested in capital projects	(147)	(91)
Acquisition of business		(167)	—
CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES FROM CONTINUING OPERATIONS		(314)	(91)
CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES FROM DISCONTINUED OPERATIONS, NET		—	(5)
Invested in capital projects			
Invested in capital projects			

Acquisition of business, net of cash acquired			
CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	(314)	(96)
FINANCING ACTIVITIES	FINANCING ACTIVITIES		
Dividends paid			
Dividends paid			
Dividends paid	Dividends paid	(32)	(5)
Issuance of debt	Issuance of debt	443	—
Reduction of debt	Reduction of debt	(482)	(174)
Repurchases of common stock	Repurchases of common stock	(53)	—
Other	Other	(7)	(2)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		(131)	(181)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES FROM DISCONTINUED OPERATIONS, NET		—	(1)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(131)	(182)
Effect of Exchange Rate Changes on Cash	Effect of Exchange Rate Changes on Cash	2	27
Change in Cash Included in Assets Held for Sale		—	41
Change in Cash, Temporary Investments and Restricted Cash	Change in Cash, Temporary Investments and Restricted Cash	(106)	4
Cash, Temporary Investments and Restricted Cash	Cash, Temporary Investments and Restricted Cash		
Beginning of the period	Beginning of the period	360	159
Beginning of the period			
Beginning of the period			
End of the period	End of the period	\$ 254	\$163

The accompanying notes are an integral part of these condensed consolidated financial statements.

SYLVAMO CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States and in accordance with the instructions to Form 10-Q and, in the opinion of management, include all adjustments that are necessary for

the fair presentation of Sylvamo Corporation's ("Sylvamo's", "the Company's" or "our") financial position, results of operations, and cash flows for the interim periods presented. Except as disclosed herein, such adjustments are of a normal, recurring nature. Results for the first **nine****three** months of the year may not necessarily be indicative of full year results due to factors such as the Company's planned maintenance outage schedule at its mills. All intercompany transactions have been eliminated. Intra-Europe paper revenue and related cost of products sold reflect the correction of an immaterial error which reduced both net sales and cost of products sold by \$18 million for three-month period ended March 31, 2023. You should read these condensed consolidated financial statements in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022****December 31, 2023** (the "Annual Report"), which have previously been filed with the Securities and Exchange Commission. These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States that require the use of management's estimates. Actual results could differ from management's estimates.

Acquisition of Nymölla

On January 2, 2023, the Company completed the previously announced acquisition of Stora Enso's uncoated freesheet paper mill in Nymölla, Sweden. Sylvamo accounted for the acquisition under ASC 805, "Business Combinations" and the Nymölla mill's results of operations are included in Sylvamo's condensed consolidated financial statements from the date of acquisition. See [Note 7 Acquisitions](#) for further details.

Divestiture of Russian Operations

During the second quarter of 2022, management committed to a plan to sell the Company's Russian operations, which were previously part of the Europe business segment. As a result, all historical operating results of the Russian operations are presented as "Discontinued operations, net of taxes" in the condensed consolidated statement of operations and the notes to the condensed consolidated financial statements. In October 2022, the Company completed the sale of its Russian operations to Pulp Invest Limited Liability Company, a company incorporated in the Russian Federation. See [Note 8 Divestiture and Impairment of Business](#) for further details.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Our significant accounting policies are described in [Note 2 Significant Accounting Policies](#) to the audited consolidated and combined financial statements included in our **2022****2023** Form 10-K. There have been no material changes to the significant accounting policies for the **nine****three** months ended **September 30, 2023****March 31, 2024**.

Recently Issued Accounting Pronouncements Not Yet Adopted

Reference Rate Reform

Income Taxes

In **March 2020****December 2023**, the FASB issued ASU **2020-04**, "Reference Rate Reform" **2023-09**, "Income Taxes (Topic **848**) 740: Facilitation Improvements to Income Tax Disclosures." This guidance requires a public entity to disclose in their rate reconciliation table additional categories of information about federal, state and foreign income taxes and to provide more details about the Effects reconciling items in some categories if the items meet a quantitative threshold. The guidance also requires all entities to disclose annually income taxes paid (net of **Reference Rate Reform** refunds received) disaggregated by federal (national), state and foreign taxes and to disaggregate the information by jurisdiction based on **Financial Reporting**" which was subsequently amended by ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of Sunset Date of Topic 848," issued in December 2022. Together this guidance provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. This guidance is effective upon issuance for annual periods beginning after December 15, 2024. Early adoption is permitted and generally can this guidance should be applied **through** prospectively but there is the option to apply it retrospectively. The Company plans to adopt the provisions of this guidance in conjunction with our Form 10-K for the annual period ending December 31, 2025.

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This guidance requires a public entity to disclose for each reportable segment, on an interim and annual basis, the significant expense categories and amounts that are regularly provided to the chief operating decision-maker ("CODM") and included in each reported measure of a segment's profit or loss. Additionally, it requires a public entity to disclose the title and position of the individual or the name of the group or committee identified as the CODM. This guidance is effective for fiscal years beginning after December 31, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the guidance should be applied retrospectively to all periods presented in the financial statements.

unless it is impracticable. The Company plans to adopt the provisions of this guidance in conjunction with our Form 10-K for the period ending December 31, 2024.

During the three months ended June 30, 2023, the Company transitioned its LIBOR-based debt arrangements and the related interest rate swaps from a reference rate of LIBOR to SOFR ("Standard Overnight Financing Rate"). See [Note 14 Long-Term Debt](#) for further details. The impact of the reference rate transition to the debt arrangements and the related interest rate swaps, along with the adoption of the provisions from this standard, did not have a material impact on our condensed consolidated financial statements. At this time, the Company does not plan to enter into additional contracts using LIBOR as a reference rate.

NOTE 3 REVENUE RECOGNITION

External Net Sales by Product

External net sales by major products were as follows by business segment:

		Three Months Ended September 30,		Nine Months Ended September 30,				
		Three Months Ended March 31,			Three Months Ended March 31,			
In millions	In millions	2023	2022	2023	2022	In millions	2024	2023
Europe	Europe							
Uncoated Papers	Uncoated Papers	\$162	\$103	\$ 558	\$ 305			
Uncoated Papers								
Market Pulp	Market Pulp	22	27	66	77			
Europe	Europe	184	130	624	382			
Latin America (a)								
Latin America								
Uncoated Papers								
Uncoated Papers								
Uncoated Papers	Uncoated Papers	225	235	626	631			
Market Pulp	Market Pulp	12	14	52	42			
Latin America	Latin America	237	249	678	673			
North America	North America							
Uncoated Papers	Uncoated Papers	464	569	1,413	1,582			
Uncoated Papers								
Market Pulp	Market Pulp	12	20	42	64			
North America	North America	476	589	1,455	1,646			
Total	Total	\$897	\$968	\$2,757	\$2,701			

(a) Prior period amounts have been corrected to reflect market pulp sales.

Revenue Contract Balances

A contract asset is created when the Company recognizes revenue on its customized products for which we have an enforceable right to payment.

A contract liability is created when customers prepay for goods prior to the Company transferring those goods to the customer. The contract liability is reduced when control of the goods is transferred to the customer, satisfying our performance obligation. Contract liabilities of \$5 million \$8 million and \$8 million are included in "Other current liabilities" as of September 30, 2023. There were no contract liabilities included in "Other current liabilities" as of December 31, 2022, March 31, 2024 and December 31, 2023, respectively.

The difference between the opening and closing balances of the Company's contract assets and contract liabilities primarily results from the difference between the price and quantity at comparable points in time for goods which we have an unconditional right to payment or receive prepayment pre-payment from the customer, respectively.

NOTE 4 EQUITY

A summary of changes in equity for the three months ended March 31, 2024 and nine months ended September 30, 2023 and 2022 2023 is provided below:

Three Months Ended September 30, 2023											
In millions		Common Stock			Retained Earnings		Accumulated Other Comprehensive Loss		Common Stock Held In Treasury, At Cost		
In millions		Shares	Stock	Paid-In Capital	Earnings						
Balance, June 30, 2023		45	\$ 45	\$ 39	\$ 2,153	\$ (1,248)	\$ (127)	\$ 862			
Stock-based employee compensation		—	—	6	—	—	—	—	—	—	6
Share repurchases		—	—	—	—	—	—	—	(14)	(14)	
Dividends (\$0.60 per share)		—	—	—	(26)	—	—	—	—	—	(26)
Comprehensive income (loss)		—	—	—	58	(50)	—	—	—	—	8
Balance, September 30, 2023		45	\$ 45	\$ 45	\$ 2,185	\$ (1,298)	\$ (141)	\$ 836			

Nine Months Ended September 30, 2023											
Three Months Ended March 31, 2024		Nine Months Ended September 30, 2023									
In millions		Common Stock			Accumulated Other Comprehensive Loss		Held In Treasury, At Cost		Common Stock Held In Treasury, At Cost		
In millions		Shares	Stock	Paid-In Capital	Earnings				Shares	Stock	Total Equity
Balance, December 31, 2022		44	\$ 44	\$ 25	\$ 2,029	\$ (1,338)	\$ (82)	\$ 678			
Balance, December 31, 2023		—	—	—	—	—	—	—	—	—	—
Stock-based employee compensation	Stock-based employee compensation	1	1	20	—	—	(5)	16	—	—	—
Share repurchases	Share repurchases	—	—	—	—	—	(54)	(54)	—	—	—
Dividends (\$1.10 per share)		—	—	—	(48)	—	—	(48)	—	—	—
Comprehensive income (loss)	Comprehensive income (loss)	—	—	—	204	40	—	244	—	—	—

Balance, September 30, 2023	45	\$	45	\$	45	\$ 2,185	\$ (1,298)	\$ (141)	\$ 836
Balance, March 31, 2024									

Three Months Ended September 30, 2022									
In millions	Common			Retained Earnings	Accumulated Other Comprehensive Loss		Common Stock Held		
	Shares	Stock	Paid-In Capital		In Treasury, At Cost	Total Equity			
Balance, June 30, 2022	44	\$	44	\$	14	\$ 1,897	\$ (1,701)	\$ (2)	\$ 252
Stock-based employee compensation	—	—	—	6	—	—	—	—	6
Dividends (\$0.1125 per share)	—	—	—	—	(5)	—	—	—	(5)
Comprehensive income (loss)	—	—	—	57	—	(52)	—	—	5
Balance, September 30, 2022	44	\$	44	\$	20	\$ 1,949	\$ (1,753)	\$ (2)	\$ 258

Three Months Ended March 31, 2023									
In millions	Common			Retained Earnings	Accumulated Other Comprehensive Loss		Common Stock Held		
	Shares	Stock	Paid-In Capital		In Treasury, At Cost	Total Equity			
Balance, December 31, 2022	44	\$	44	\$	25	\$ 2,029	\$ (1,338)	\$ (82)	\$ 678
Stock-based employee compensation	—	—	—	7	—	—	—	(5)	2
Share repurchases	—	—	—	—	—	—	—	(10)	(10)
Dividends (\$0.25 per share)	—	—	—	—	(10)	—	—	—	(10)
Comprehensive income (loss)	—	—	—	97	—	33	—	—	130
Balance, March 31, 2023	44	\$	44	\$	32	\$ 2,116	\$ (1,305)	\$ (97)	\$ 790

Nine Months Ended September 30, 2022									
In millions	Common			Retained Earnings	Accumulated Other Comprehensive Loss		Common Stock Held		
	Shares	Stock	Paid-In Capital		In Treasury, At Cost	Total Equity			
Balance, December 31, 2021	44	\$	44	\$	4	\$ 1,935	\$ (1,801)	\$ —	\$ 182
Stock-based employee compensation	—	—	—	16	—	—	—	(2)	14
Dividends (\$0.2250 per share)	—	—	—	—	(10)	—	—	—	(10)
Comprehensive income (loss)	—	—	—	24	—	48	—	—	72
Balance, September 30, 2022	44	\$	44	\$	20	\$ 1,949	\$ (1,753)	\$ (2)	\$ 258

NOTE 5 OTHER COMPREHENSIVE INCOME

The following table presents the changes in Accumulated Other Comprehensive Income (Loss) ("AOCI"), net of taxes, reported in the condensed consolidated financial statements:

In millions	Three Months Ended September 30,		Nine Months Ended September 30,		In millions	2024	2023			
	Three Months Ended September 30,		Nine Months Ended September 30,							
	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,						
In millions	In millions	2023	2022	2023	2022	In millions	2024			

Defined Benefit Pension and Postretirement Adjustments	Defined Benefit Pension and Postretirement Adjustments
Balance at beginning of period	Balance at beginning of period
Balance at beginning of period	Balance at beginning of period \$ (76) \$ (81) \$ (76) \$ (80)
Amounts reclassified from accumulated other comprehensive income	Amounts reclassified from accumulated other comprehensive income — — — (1)
Balance at end of period	Balance at end of period (76) (81) (76) (81)
Change in Cumulative Foreign Currency Translation Adjustments	Change in Cumulative Foreign Currency Translation Adjustments
Balance at beginning of period	Balance at beginning of period (1,202) (1,641) (1,288) (1,719)
Balance at beginning of period	Balance at beginning of period
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications (46) (57) 40 21
Balance at end of period	Balance at end of period (1,248) (1,698) (1,248) (1,698)
Net Gains and Losses on Cash Flow Hedging Derivatives	Net Gains and Losses on Cash Flow Hedging Derivatives
Balance at beginning of period	Balance at beginning of period
Balance at beginning of period	Balance at beginning of period 30 21 26 (2)
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications 3 7 21 40

Amounts	Amounts
reclassified from	reclassified from
accumulated	accumulated
other	other
comprehensive	comprehensive
income	income
	(7) (2) (21) (12)
Balance at end of	Balance at end of
period	period
	26 26 26 26
Total Accumulated	Total Accumulated
Other	Other
Comprehensive	Comprehensive
Income (Loss) at	Income (Loss) at
End of Period	End of Period
	<u>\$(1,298)</u> <u>\$(1,753)</u> <u>\$(1,298)</u> <u>\$(1,753)</u>

NOTE 6 EARNINGS PER SHARE

Basic earnings per share **from continuing operations** is computed by dividing net income **from continuing operations** by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share **from continuing operations** is computed by dividing net income **from continuing operations** by the weighted-average number of shares of common stock outstanding during the period, increased to include the number of shares of common stock that would have been outstanding had potentially dilutive shares of common stock been issued. The dilutive effect of restricted stock units is reflected in diluted earnings per share by applying the treasury stock method. **Basic and diluted earnings per share from discontinued operations are computed under the same approach utilizing the same weighted-average number of shares of common stock outstanding during the period and dilutive shares.**

There are no adjustments required to be made to net income **from continuing operations** for purposes of computing basic and diluted earnings per share **from continuing operations**.

share.

Basic and diluted earnings per share **from continuing operations** are calculated as follows:

		Three Months Ended September 30,		Nine Months Ended September 30,			
		Three Months Ended March 31,			Three Months Ended March 31,		
<i>In millions, except per share amounts</i>	<i>In millions, except per share amounts</i>	2023	2022	2023	2022	<i>In millions, except per share amounts</i>	
Net income from continuing operations		\$ 58	\$ 109	\$ 204	\$ 248		2024 2023
Net income							
Weighted average common shares outstanding		41.8	44.1	42.2	44.1		

Effect of dilutive securities	Effect of dilutive securities	0.6	0.5	0.6	0.4
Weighted average common shares outstanding - assuming dilution	Weighted average common shares outstanding - assuming dilution	42.4	44.6	42.8	44.5
Earnings per share from continuing operations - basic		\$1.39	\$2.47	\$4.83	\$5.62
Earnings per share from continuing operations - diluted		\$1.37	\$2.44	\$4.77	\$5.58
Anti-dilutive common shares (a)		0.3	0.2	0.3	0.2
Earnings per share - basic					
Earnings per share - diluted					
Anti-dilutive shares (a)					

(a) Common stock related to service-based restricted stock units and performance-based restricted stock units were outstanding but excluded from the computation of diluted earnings per share because their effect would be anti-dilutive under the treasury stock method or because the shares were subject to performance conditions that had not been met.

NOTE 7 ACQUISITIONS

In January 2023, the Company completed the previously announced acquisition of Stora Enso's uncoated freesheet paper mill in Nymölla, Sweden, for €157 million (approximately \$167 million) after post-close working capital adjustments. The integrated mill has the capacity to produce approximately 500,000 short tons of uncoated freesheet on two paper machines.

Sylvamo accounted for the acquisition under ASC 805, "Business Combinations" and the Nymölla mill's results of operations are included in Sylvamo's consolidated financial statements from the date of acquisition. The purchase price allocation is preliminary and could be significantly revised as a result of additional information obtained regarding assets acquired and liabilities assumed and revisions of estimates of fair values of tangible assets and related deferred tax assets and liabilities. The Company will finalize its valuation and the allocation of the purchase price, along with required retrospective adjustments, if any, within a year following the acquisition date.

The following table summarizes the preliminary final allocation of the purchase price to the fair value assigned to assets and liabilities acquired as of January 2, 2023:

In millions

Accounts receivable	\$	63
Inventory		67
Plants, properties and equipment		115
Other assets		2
Total assets acquired		247
Accounts payable		51
Other liabilities		29
Total liabilities assumed		80
Net assets acquired	\$	167

In connection with the allocation of fair value, inventories were written up by \$9 million to their estimated fair value. During the first quarter of 2023, \$9 million before taxes (\$7 million after taxes) was expensed related to the impact of the step-up of acquired Nymölla inventory sold during the quarter.

Net sales of \$88 million and \$305 million and Income from continuing operations before income taxes of \$4 million and \$21 million from the acquired business are included in the Company's condensed consolidated statement of operations for the three and nine months ended September 30, 2023, respectively. Additionally, Selling and administrative expenses for the three and nine months ended September 30, 2023 include \$3 million and \$8 million in charges before taxes (\$2 million and \$6 million after taxes) for transaction costs associated with the acquisition, respectively.

On an unaudited pro forma basis, assuming the acquisition of the Nymölla mill had closed January 1, 2022, the condensed consolidated results would have reflected Net sales of \$1.1 billion and \$3.1 billion and Income from continuing operations before income taxes of \$179 million and \$406 million for the three and nine months ended September 30, 2022, respectively.

The 2022 pro forma information includes adjustments for non-recurring transaction costs associated with the acquisition of \$8 million, and incremental expense of \$9 million incurred related to the impact of the step-up of acquired Nymölla inventory sold during the first quarter.

The unaudited pro forma condensed consolidated financial information was prepared for comparative purposes only and includes certain adjustments, as noted above. This does not reflect the effect of costs or synergies that would have been expected to result from the integration of the acquisition. The pro forma information does not purport to represent Sylvamo's actual results of operations as if the transaction described above would have occurred as of January 1, 2022, nor is it necessarily an indicator of future results.

NOTE 8 DIVESTITURE AND IMPAIRMENT OF BUSINESS

RUSSIAN OPERATIONS

During the first quarter of 2022, as a result of the significant changes in the business climate impacting our Russian operations, a determination was made that the current carrying value of our Russian operations exceeded the estimated fair value. The fair value of the Russian operations was estimated based on a probability-weighted average approach of the potential cash flows from various paths the Company evaluated to exit the business. As a result, a pre-tax charge of \$68 million (\$57 million) was recorded for the impairment of the Russian fixed assets during the first quarter of 2022. These charges are included in "Impairment of business" within the summarized income statement for our Russian operations included in this footnote and is included in "Discontinued operations, net of taxes" in the condensed consolidated statement of operations.

During the second quarter of 2022, management committed to a plan to sell the Company's Russian operations. In October 2022, the Company completed the sale of its Russian operations to Pulp Invest Limited Liability Company, a company incorporated in the Russian Federation, for \$420 million. After transaction and foreign currency exchange costs of \$35 million, Sylvamo received \$385 million in cash proceeds.

As a result, all historical operating results of the Russian operations are presented as "Discontinued operations, net of taxes" in the condensed consolidated statement of operations. The Russian operations were previously part of the Europe business segment. The following summarizes the major classes of line items comprising Income (Loss) Before Income Taxes reconciled to Discontinued Operations, net of taxes, related to the Russian operations for all periods presented in the condensed consolidated statement of operations.

In millions	Three Months Ended September 30, 2022		Nine Months Ended September 30, 2022	
	\$	205	\$	518
NET SALES				
Costs and expenses				
Cost of products sold (exclusive of depreciation, amortization and cost of timber harvested shown separately below)	165		425	
Selling and administrative expenses	6		10	
Depreciation, amortization and cost of timber harvested	—		4	
Taxes other than payroll and income taxes	—		1	
Impairment of business	78		302	
Interest (income) expense, net	—		(3)	
INCOME (LOSS) BEFORE INCOME TAXES		(44)		(221)
Income tax provision (benefit)	8		3	
DISCONTINUED OPERATIONS, NET OF TAXES	\$	(52)	\$	(224)

The following summarizes the total cash provided by operating activities from discontinued operations, net and total cash provided by (used for) investing activities from discontinued operations, net and included in the condensed consolidated statement of cash flows:

In millions for the nine months ended September 30	2022
Cash Provided by Operating Activities	\$ 20
Cash Provided by (Used for) Investment Activities (a)	\$ (5)

(a) Includes cash invested in capital projects of \$5 million.

NOTE 98 SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION

Temporary Investments

Temporary investments with an original maturity of three months or less and money market funds with greater than three-month maturities but with the right to redeem without notice are treated as cash equivalents and are stated at cost. Temporary investments totaled \$92 million \$69 million and \$80 million \$109 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Restricted Cash

Restricted cash of \$60 million as of September 30, 2023 March 31, 2024 and December 31, 2023 represents funds held in escrow related to the Brazil Tax Dispute. See Note 14 13 Long-Term Debt for further details.

The following table provides a reconciliation of cash, temporary investments and restricted cash in the condensed consolidated balance sheets to total cash, temporary investments and restricted cash in the condensed consolidated statements of cash flows:

In millions	In millions	September December		In millions	March 31, 2024	December 31, 2023
		30, 2023	31, 2022			
Cash and temporary investments	Cash and temporary investments	\$ 194	\$ 360			
Restricted cash	Restricted cash	60	—			

Total cash, temporary investments and restricted cash in the statements of cash flows	Total cash, temporary investments and restricted cash in the statements of cash flows	\$ 254	\$ 360
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Accounts and Notes Receivable

Accounts and notes receivable, net, by classification were:

In millions	In millions	September December		March 31, 2024	December 31, 2023
		30, 2023	31, 2022		
Accounts and notes receivable:	Accounts and notes receivable:				
Trade	Trade	\$ 403	\$ 430		
Trade	Trade				
Notes and other	Notes and other	20	20		
Total	Total	\$ 423	\$ 450		

The allowance for expected credit losses was \$23 million and \$20 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Based on the Company's accounting estimates and the facts and circumstances available as of the reporting date, we believe our allowance for expected credit losses is adequate.

Inventories

In millions	In millions	September December		March 31, 2024	December 31, 2023
		30, 2023	31, 2022		
Raw materials	Raw materials	\$ 61	\$ 40		
Finished paper and pulp products	Finished paper and pulp products	269	226		
Operating supplies	Operating supplies	110	78		
Other	Other	16	20		
Total	Total	\$ 456	\$ 364		

Plants, Properties and Equipment, Net

Accumulated depreciation was \$3.7 billion and \$3.6 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Depreciation expense was \$30 million and \$25 million for the three months ended March 31, 2024 and \$88 million and \$77 million for the nine months ended September 30, 2023 and December 31, 2023, respectively.

Non-cash additions to plants, property and equipment included within accounts payable were \$9 million and \$36 million each at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Forestlands

Non-cash additions to Forestlands included within accounts payable were \$10 million at March 31, 2024. There were no non-cash additions to Forestlands included within accounts payable as of December 31, 2023.

Other Liabilities and Costs

During the three and nine months ended September 30, 2023, the Company recorded approximately \$13 million before taxes (\$10 million after taxes) of severance costs related to a planned reduction in our salaried workforce, of which \$3 million is included within Cost of products sold and \$10 million is included within Selling and administrative expenses in our condensed consolidated statements of operations. Of these total costs, \$2 million, \$3 million and \$8 million are related to our Europe, Latin America and North America business segments, respectively. These severance amounts are reflected in Other current liabilities in our condensed consolidated balance sheet and we expect substantially all sheet. As of March 31, 2024, the severance-related liabilities to reserve totaled approximately \$8 million which will be paid in cash during over the remainder of 2024.

Interest

Interest payments of \$54 million \$17 million and \$55 million \$24 million were made during the nine three months ended September 30, 2023 March 31, 2024 and 2022, March 31, 2023, respectively.

Amounts related to interest were as follows:

	Three Months Ended September 30,	Nine Months Ended September 30,				
	Three Months Ended March 31,					Three Months Ended March 31,
In millions	In millions	2023	2022	2023	2022	In millions
Interest expense	Interest expense					2024
(a)	(a)	\$ 15	\$ 21	\$ 49	\$ 59	2023
Interest income (b)	Interest income (b)	(5)	(2)	(18)	(5)	
Capitalized interest cost	Capitalized interest cost					
		(1)	(1)	(3)	(2)	
Total	Total	\$ 9	\$ 18	\$ 28	\$ 52	

(a) Interest expense for the nine three months ended September 30, 2023 March 31, 2023 includes \$5 million of debt extinguishment cost related to the tender offer for our 7.00% 2029 Senior Notes.

(b) Interest income for the nine three months ended September 30, 2023 March 31, 2023 includes \$9 million of interest income related to tax settlements.

ASSET RETIREMENT OBLIGATIONS

At both September 30, 2023 As of March 31, 2024 and December 31, 2022 December 31, 2023, we had have recorded liabilities of \$26 million \$28 million and \$27 million related to asset retirement obligations. These amounts are included in "Other liabilities."

NOTE 109 LEASES

The Company leases various real estate, including certain operating facilities, warehouses, office space and land. The Company also leases material handling equipment, vehicles and certain other equipment. The Company's leases have a remaining lease term of up to 15 years. Total lease cost was \$16 million \$14 million and \$15 million \$17 million for the three months ended March 31, 2024 and \$49 million and \$45 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Supplemental Balance Sheet Information Related to Leases

In millions	In millions	Classification	September December		In millions	Classification	March 31, 2024	December 31, 2023
			30, 2023	31, 2022				
Assets	Assets							
Operating lease assets								
Operating lease assets								
Operating lease assets	Operating lease assets	Right of use assets	\$ 39	\$ 35				
		Plants, properties,						
Finance lease assets	Finance lease assets	and equipment, net (a)	23	24				
Total leased assets	Total leased assets		\$ 62	\$ 59				
Liabilities	Liabilities							
Current	Current							
Current								
Operating								
Operating		Other current						
Operating	Operating liabilities	\$ 17	\$ 13					
	Notes payable and current maturities of							
Finance	Finance long-term debt	3	3					
Noncurrent	Noncurrent							
	Other							
Operating	Operating Liabilities	29	28					
Operating								
Operating								
Finance	Finance Long-term debt	14	14					
Total lease liabilities	Total lease liabilities	\$ 63	\$ 58					

(a) Finance leases are recorded net of accumulated amortization of \$14 million \$16 million and \$13 million \$16 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

NOTE 11 GOODWILL AND OTHER INTANGIBLES

Goodwill

The following table presents changes in the goodwill balance as allocated to each business segment for the nine three months ended September 30, 2023 March 31, 2024:

In millions	Europe	Latin America	North America	Total
Balance as of December 31, 2022				
Goodwill	\$ 11	\$ 118	\$ —	\$ 129
Accumulated impairment losses	(1)	—	—	(1)
	\$ 10	\$ 118	\$ —	\$ 128
Currency translation and other (a)	—	6	—	6
Balance as of September 30, 2023				
Goodwill	11	124	—	135
Accumulated impairment losses	(1)	—	—	(1)
Total	\$ 10	\$ 124	\$ —	\$ 134

(a) Represents the effects of foreign currency translations and reclassifications.

Other Intangibles

Identifiable intangible assets comprised the following:

In millions	September 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets
Customer relationships and lists	\$ 56	\$ (50)	\$ 6	\$ 56	\$ (50)	\$ 6
Other	7	(6)	1	7	(6)	1
Total	\$ 63	\$ (56)	\$ 7	\$ 63	\$ (56)	\$ 7

Amortization expense related to intangibles was immaterial for each of the three months and nine month periods ended September 30, 2023 and 2022, respectively.

In millions	Europe	Latin America	North America	Total
Balance as of December 31, 2023				
Goodwill	\$ 11	\$ 129	\$ —	\$ 140
Accumulated impairment losses	(1)	—	—	(1)
	\$ 10	\$ 129	\$ —	\$ 139
Currency translation and other	—	(5)	—	(5)
Balance as of March 31, 2024				
Goodwill	11	124	—	135
Accumulated impairment losses	(1)	—	—	(1)
Total	\$ 10	\$ 124	\$ —	\$ 134

NOTE 12.11 INCOME TAXES

An income tax provision of \$33 million \$17 million and \$98 million \$44 million was recorded for the three and nine months ended September 30, 2023, March 31, 2024 and the reported effective income tax rate from continuing operations was 36% and 33%, respectively. An income tax provision of \$38 million and \$97 million was recorded for the three and nine months ended September 30, 2022 March 31, 2023, and the reported effective income tax rate was 26% 28% and 28% 31%, respectively.

The Brazilian Federal Revenue Service has challenged the deductibility of goodwill amortization generated in a 2007 acquisition by International Paper do Brasil Ltda., now named Sylvamo do Brasil Ltda. ("Sylvamo Brasil"), a wholly-owned subsidiary of the Company (the "Brazil Tax Dispute"). Sylvamo Brasil received assessments for the tax years 2007-2015 totaling approximately \$120 million \$119 million in tax, and \$418 million \$278 million in interest, penalties

and fees as of **September 30, 2023** **March 31, 2024** (adjusted for variation in currency exchange **rates**) **recent law change** pursuant to which the **Brazil tax authority** agreed to cancel a portion of the **interest, penalties, and fees**). International Paper challenged and is managing the litigation of this matter pursuant to the **tax matters agreement** **Tax Matters Agreement** between us and International Paper. After a previous favorable ruling challenging the basis for these assessments, there were subsequent unfavorable decisions from the Brazilian Administrative Council of Tax Appeals. On behalf of Sylvamo Brasil, International Paper has appealed and at present, has advised us that it intends to further appeal these and any future unfavorable administrative judgments to the Brazilian federal courts; however, this tax litigation matter may take many years to resolve. The Company believes that the transaction underlying these assessments was appropriately evaluated, and that the Company's tax position would be sustained, based on Brazilian tax law.

Pursuant to the terms of the **tax matters agreement** entered into between International Paper and Sylvamo, **Tax Matters Agreement**, International Paper will pay 60%, and Sylvamo will pay 40% on up to \$300 million of any assessment related to this matter, and International Paper will pay all amounts of the assessment over \$300 million. Also in connection with this agreement, all decisions concerning the conduct of the litigation related to this matter, including **settlement strategy, settlement, pursuit and abandonment**, will continue to be made by International Paper, which is vigorously defending Sylvamo Brasil's historic tax position against the current assessments and any similar assessments that may be issued for tax years subsequent to 2015.

NOTE 13 12 COMMITMENTS AND CONTINGENT LIABILITIES

Environmental and Legal Proceedings

The Company is subject to environmental and legal proceedings in the countries in which we operate. Accruals for contingent liabilities, such as environmental remediation costs, are recorded in the **condensed** consolidated financial statements when it is probable that a liability has been incurred or an asset impaired and the amount of the loss can be reasonably estimated. The Company has estimated some probable liability associated with environmental remediation matters that is immaterial in the aggregate as of **September 30, 2023** **March 31, 2024**.

At the Company's Mogi Guaçu mill, there are legacy basin areas that were formerly lagoons used for treatment of mill wastewater from pulp and paper manufacturing. In coordination with and in response to a request by the Environmental Company of the State of São Paulo ("CETESB"), which is the state environmental regulatory authority, there has been continuous regulatory monitoring and sampling of the former basins, which began prior to their closure in 2006, both to assess for contamination and evaluate whether additional remediation is needed beyond the basins' ongoing natural vegetation growth. This monitoring and sampling detected metal contamination, with the main constituent of potential environmental impact being mercury. The Company has presented CETESB with proposals for studies and other actions to further assess the scope and type of contamination and the possible need for an additional remediation approach.

Additionally, in October 2022, CETESB requested that the Company expand its efforts to include providing CETESB with a proposed pilot intervention (remediation) plan for a portion of the former basins. The purpose of the pilot intervention plan is to facilitate determination of the appropriate actions to take for the basins generally, guided by the results of the pilot intervention plan in the subset portion of the basins. **In** The Company submitted a proposed pilot intervention plan to CETESB and, in the fourth quarter of 2023 CETESB partially approved the pre-intervention stages of the pilot intervention plan and requested that some additional analysis. The measures be added to the plan. In the first quarter of 2024, the Company is evaluating the submitted additional analysis requested measures that were approved by CETESB.

As of **September 30, 2023** **March 31, 2024**, the Company has recorded an immaterial liability for the ongoing and additional environmental studies and sampling of the basins. While this matter could in the future have a material impact on our results of operations or cash flows, the Company is unable to estimate its potential additional liability including the costs of executing certain elements of the proposed pilot intervention plan, because the further studies to be conducted and the remediation that may be required both for the pilot intervention plan and for the ultimate intervention, will depend on CETESB's approval of the pilot intervention plan, the results of the pilot intervention plan, the Company's environmental studies assessing the existence of ecological risk due to the contamination and what intervention may be required beyond vegetation of the basins, the extent to which there is eventual risk of harm from the contamination, and CETESB's approval of any ultimate intervention plan for the basins.

Taxes Other Than Payroll Taxes

See [Note 12 11 Income Taxes](#) for a discussion of a goodwill amortization tax matter in Brazil.

During the first quarter of 2024, the State of São Paulo issued a tax assessment to our Brazilian subsidiary for approximately \$52 million regarding unpaid VAT arising from intercompany transactions. This assessment includes \$21 million in tax and \$31 million in interest and penalties. As of March 31, 2024, no reserve has been recorded by the Company because the risk of loss is not probable.

The Company reached an amnesty agreement with the Brazilian government related to certain VAT amounts assessed in prior years, which are unrelated to the 2024 tax assessment noted above. This agreement resulted in the recognition of \$9 million of interest income during the first quarter of 2023.

We have other open tax matters awaiting resolution in Brazil, which are at various stages of review in various administrative and judicial proceedings. We routinely assess these tax matters for materiality and probability of loss or gain, and appropriate amounts have been recorded in our financial statements for any open items where the risk of loss is deemed probable. We currently do not consider any of these other tax matters to be material individually. However, it is reasonably possible that settlement of any of these matters concurrently could result in a material loss or that over time a matter could become material, for example, if interest were accruing on the amount at issue for a significant period of time. Also, future exchange rate fluctuations could be unfavorable to the U.S. dollar and significant enough to cause an open matter to become material. The expected timing for resolution of these open matters ranges from one year to ten years.

General

The Company is involved in various other inquiries, administrative proceedings and litigation relating to environmental and safety matters, taxes (including VAT), personal injury, product liability, labor and employment, contracts, sales of property and other matters, some of which allege substantial monetary damages. Assessments of lawsuits and claims can involve a series of complex judgments about future events, can rely heavily on estimates and assumptions, and are otherwise subject to significant uncertainties. As a result, there can be no certainty that the Company will not ultimately incur charges in excess of presently recorded liabilities. The Company believes that loss contingencies arising from pending matters, including the matters described herein, will not have a material effect on the consolidated financial position or liquidity of the Company. However, in light of the inherent uncertainties involved in pending or threatened legal matters, some of which are beyond the Company's control, and the large or indeterminate damages sought in some of these matters, a future adverse ruling, settlement, unfavorable development, or increase in accruals with respect to these matters, could result in future charges that could be material to the Company's results of operations or cash flows in any particular reporting period.

NOTE 14.13 LONG-TERM DEBT

Long-term debt is summarized in the following table:

In millions	In millions	September December		In millions	March 31, 2024	December 31, 2023
		30, 2023	31, 2022			
Term Loan F	Term Loan F					
- due 2027	- due 2027					
(a)	(a)	\$ 477	\$ 496			
Term Loan A	Term Loan A					
- due 2028	- due 2028					
(b)	(b)	290	—			
7.00% Senior Notes - due 2029 (c)	7.00% Senior Notes - due 2029 (c)	89	444			
Securitization Program	Securitization Program	117	75			
Other	Other	16	17			
Less: current portion	Less: current portion	(43)	(29)			
Total	Total	\$ 946	\$ 1,003			

- (a) As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, presented net of **\$4 million** **\$3 million** and **\$4 \$3 million** in unamortized debt issuance costs, respectively.
- (b) As of **September 30, 2023** **March 31, 2024** and **December 31, 2023**, presented net of **\$3 million** **\$2 million** and **\$2 million** in unamortized debt issuance costs, respectively.
- (c) As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, presented net of **\$1 million** and **\$6 \$1 million** in unamortized debt issuance costs, respectively.

In addition to the debt noted above, the Company has the ability to access a cash flow-based revolving credit facility with a total borrowing capacity of \$450 million ("Revolving Credit Facility"), which matures in 2026. As of **September 30, 2023** **March 31, 2024**, the Company had **\$10 million** **no** outstanding borrowings on the Revolving Credit Facility and \$21 million of letters of credit related to the Revolving Credit Facility, resulting in an available borrowing capacity of **\$419 million** **\$429 million**. As of **December 31, 2022** **December 31, 2023**, the Company had no outstanding borrowings on the Revolving Credit Facility and **\$24 \$21 million** of letters of credit related to the Revolving Credit Facility, resulting in an available borrowing capacity of **\$426 \$429 million**.

The Any outstanding borrowings balance on the Revolving Credit Facility areis recorded within "Notes payable and current maturities of long-term debt" in the condensed consolidated balance sheet.

In the first quarter of 2023, the Company announced the commencement of a cash tender offer to purchase any and all of the Company's outstanding 2029 Senior Notes. The Company also solicited consents from holders of the 2029 Senior Notes to amend certain provisions of the indenture with respect to the notes. In connection with the tender offer and the consent solicitation, the Company entered into a new senior secured term loan facility amendment which provided an aggregate principal amount of \$300 million ("Term Loan A") maturing in 2028. Term Loan A, together with \$60 million of borrowings under the Revolving Credit Facility, were used to pay the total consideration for all notes tendered in the tender offer, plus accrued interest and all fees and expenses incurred in connection with the tender offer and consent solicitation. Upon close in the first quarter, \$360 million aggregate principal of the notes were tendered, resulting in a debt extinguishment cost of \$5 million, which includes the write-off of debt issuance costs. This cost was recorded within "Interest expense (income), net."

Sylvamo North America LLC, a wholly owned subsidiary of the Company, maintains a \$120 million accounts receivable finance facility (the "Securitization Program"), maturing in 2025. The Company sells substantially all of its North American accounts receivable balances to Sylvamo Receivables, LLC, a special purpose entity, which pledges the receivables as collateral for the Securitization Program. The borrowing availability under this facility is limited by the balance of eligible receivables within the program. The average interest rate for the quartersquarter ended September 30, 2023 March 31, 2024 was 6.29%, and December 31, 2022 the average interest rate for the year ended December 31, 2023 was 6.19% 5.92%.

In the first quarter of 2023, in connection with the tender offer and 5.19% the consent solicitation related to the 2029 Senior Notes, the Company entered into a new senior secured term loan facility amendment which provided an aggregate principal amount of \$300 million ("Term Loan A") maturing in 2028. Term Loan A, together with \$60 million borrowings under the Revolving Credit Facility, were used to pay the total consideration for all notes tendered in the tender offer, plus accrued interest and all fees and expenses incurred in connection with the tender offer and consent solicitation. Upon close in the first quarter of 2023, \$360 million aggregate principal of the notes were tendered, resulting in a debt extinguishment cost of \$5 million, respectively, related to the write-off of debt issuance costs. This cost was recorded within "Interest expense (income), net."

The 2029 Senior Notes are unsecured bonds with a 7.00% fixed interest rate, payable semi-annually. The interest rates applicable to the Term Loan F, Term Loan A and Revolving Credit Facility are based on a fluctuating rate of interest measured by reference to SOFR plus a fixed percentage of 1.85%, 1.85% and 1.60%, respectively, payable monthly, with a SOFR floor of 0.00%. The obligations under the Term Loan F, Term Loan A and the Revolving Credit Facility are secured by substantially all the tangible and intangible assets of Sylvamo and its subsidiaries, subject to certain exceptions, and along with the 2029 Senior Notes facility are guaranteed by Sylvamo and certain subsidiaries.

Effective May 31, 2023, in accordance with the existing credit agreement, the Company transitioned LIBOR-based interest rates to a benchmark reference rate of SOFR. The interest rates applicable to the Term Loan F and Revolving Credit Facility are now based on a fluctuating rate of interest measured by reference to SOFR plus a fixed percentage of 1.85% and 1.60%, respectively, payable monthly, with a SOFR floor of 0.00%. The interest rate applicable to the Term Loan A is based on a fluctuating rate of interest measured in reference to SOFR plus a fixed percentage of 1.85%, subject to a SOFR floor of 0.00%.

We are receiving interest patronage credits under the Term Loan F. Patronage distributions, which are made primarily in cash but also in equity in the lenders, are generally received in the first quarter of the year following that in which they were earned. Expected patronage credits are accrued in accounts and notes receivable as a reduction to interest expense in the period earned. After giving effect to expected patronage distributions of 90 basis points, of which 70.75 basis points is expected as a cash rebate, the effective net interest rate on the Term Loan F was approximately 6.27% 6.28% and 5.23% 6.31% as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

In connection with the Term Loan F, the Company was party to interest rate swaps with various counterparties with a notional amount of \$200 million maturing in 2024 and \$200 million \$200 million maturing in 2026. In the first quarter of 2023, the Company received cash proceeds of \$12 million from the unwind of the four interest rate swaps maturing in 2024 with a total notional amount of \$200 million. In the third quarter, the Company received \$19 million from the unwind of the four interest rate swaps maturing in 2026, with a total notional value of \$200 million. The resulting gain from unwinds will be amortized over the original contract term of the swaps, of which one year is remaining for the swaps originally maturing in 2024 and three years is remaining for the swaps originally maturing in 2026. \$200 million. The related gain from all swap proceeds has been deferred within "Accumulated other comprehensive loss" in the condensed consolidated balance sheet. sheet and will be amortized into interest expense over the original contract term of the swaps, of which less than one year is remaining for the swaps originally maturing in 2024. In addition, the Company liquidated the swaps maturing in 2026 with a notional amount of \$200 million in the third quarter of 2023.

In the first quarter of 2023, the Company entered into four new interest rate swaps with various counterparties with a notional amount of \$200 million, \$200 million, maturing in 2025. The interest rate swaps are designated as cash flow hedges, and are utilized to manage interest rate risk. The interest rate swaps allow for the Company to exchange the difference in the variable rates on Term Loan F determined in reference to SOFR and the fixed interest rate per notional amount ranging from 3.72% to 3.75%.

During the second quarter, all outstanding interest rate swap agreements related to Term Loan F were amended to provide a hedge against changes in variable rate cash flows regarding fluctuations in SOFR as compared to the previous benchmark rate of one-month LIBOR. The revisions to the interest rate swap agreements did not impact our hedge accounting because we applied the accounting expedients outlined in ASU 2020-04 and ASU 2021-01 of ASC Topic 848, Reference Rate Reform.

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the fair value of the interest rate swaps related to Term Loan F was resulted in an asset of **\$4 million** **\$3 million** and **\$30 million** **\$1 million**, respectively. Assets resulting from interest rate swaps are reflected in "Deferred charges and other assets."

In connection with the issuance of relation to Term Loan A, the Company entered into is party to interest rate swaps with a current aggregate notional amount of **\$293 million** **\$265 million** that amortize each quarter and mature in 2028. These interest rate swaps allow for the Company to exchange the difference in the variable rates on Term Loan A determined in reference to SOFR and the fixed interest rate per notional amount ranging from 4.13% to 4.16%. As of **September 30, 2023** **March 31, 2024** and **December 31, 2023**, the fair value of these interest rate swaps resulted in an asset a liability of **\$3 million**, **\$1 million** and **\$5 million**, respectively, recorded within "Deferred charges and other assets. Other liabilities."

The Company is subject to certain covenants limiting, among other things, the ability of most of its subsidiaries to: (a) incur additional indebtedness or issue certain preferred shares; (b) pay dividends on or make distributions in respect of the Company's or its subsidiaries' capital stock or make investments or other restricted payments; (c) create restrictions on the ability of the Company's restricted subsidiaries to pay dividends to the Company or make certain other intercompany transfers; (d) sell certain assets; (e) create liens; (f) consolidate, merge, sell or otherwise dispose of all or substantially all of the

Company's assets; and (g) enter into certain transactions with its affiliates. The Company is currently subject to a maximum consolidated total leverage ratio of 3.75 to 1.00.

The limit on restricted payments that we may make prior to the resolution of the Brazil Tax Dispute is **\$60 million** **\$60 million** if our pro-forma consolidated leverage ratio is less than 2.50 to 1.00 and greater than or equal to 2.00 to 1.00, or \$90 million if the pro-forma consolidated leverage ratio is less than 2.00 to 1.00. However, limitations imposed on restricted payments are eliminated prior to the final settlement of the Brazil Tax Dispute if (i) we deposit \$120 million in an account subject to the control of the administrative agent under our credit agreement, or (ii) we deposit \$60 million in such an account and maintain \$225 million of available liquidity at the time we make restricted payments. The funds deposited in the account would be used to pay the Company's share of the settlement of the Brazil Tax Dispute, with any excess funds returned to us if our portion of any final settlement amount is less than the amount on deposit. As of **September 30, 2023**, In 2023, the Company has deposited **\$60 million** **\$60 million** in an account subject to the control of the administrative agent. Therefore, our ability to make restricted payments under the credit agreement is governed by the provisions in the credit agreement in effect as if the Brazil Tax Dispute is settled, if at the time of any restricted payments we maintain \$225 million of available liquidity.

As of **September 30, 2023** **March 31, 2024**, we were in compliance with our debt covenants.

NOTE 15 14 PENSION AND POSTRETIREE BENEFIT PLANS

Defined Benefit Plans

The Company sponsors and maintains pension plans for the benefit of certain of the Company's employees. The service and non-service cost components of net periodic pension expense for these employees is recorded within cost of products sold and selling and administrative expenses. The assets and liabilities related to plans sponsored by the Company are reflected in deferred charges and other assets and other liabilities, respectively.

Net periodic pension expense (benefit) for all pension plans sponsored by the Company for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **March 31, 2023** was immaterial.

The Company's funding policy for the pension plans is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that the Company may determine to be appropriate considering the funded status of the plans, tax deductibility, cash flow generated by the Company, and other factors. The Company continually reassesses the amount and timing of any discretionary contributions. Generally, the non-U.S. pension plans are funded using the projected benefit as a target, except in certain countries where funding of benefit plans is not required.

NOTE 16 15 INCENTIVE PLANS

The Company has adopted the Sylvamo 2021 Incentive Compensation Plan, which includes shares under its long-term incentive plan ("LTIP") that grants certain employees, consultants, or non-employee directors of the Company different forms of awards, including time-based and performance-based restricted stock units. As of **September 30, 2023** **March 31, 2024**, **2,812,160** **2,551,633** shares remain available for future grants.

Total stock-based compensation cost recognized by the Company was as follows:

		Three Months Ended September 30,	Nine Months Ended September 30,					
		Three Months Ended March 31,			Three Months Ended March 31,			
In millions	In millions	2023	2022	2023	2022	In millions	2024	2023
Total stock-based compensation expense (included in selling and administrative expense)	Total stock-based compensation expense (included in selling and administrative expense)	\$ 6	\$ 5	\$ 21	\$ 16			

As of September 30, 2023 [March 31, 2024], \$21 million [\$30 million] of compensation cost, net of estimated forfeitures, related to all stock-based compensation arrangements for Company employees had not yet been recognized. This amount will be recognized in expense over a weighted-average period of 1.4 [1.6] years.

NOTE 17.16 FINANCIAL INFORMATION BY BUSINESS SEGMENT AND GEOGRAPHIC AREA

The Company's business segments, Europe, Latin America and North America, are differentiated on a geographic basis which is consistent with the internal structure used to manage these businesses. All segments are differentiated on a common product, common customer basis, consistent with the business segmentation generally used in the Forest Products industry.

Business segment operating profit is used by the Company's management to measure the earnings performance of its businesses. Management believes that this measure provides investors and analysts useful insights into our operating performance. Business segment operating profit is defined as income from continuing operations before income taxes, excluding interest (income) expense, net, and net special items.

External sales are defined as those that are made to parties outside the Company's combined group, whereas sales by segment in the Net Sales table are determined using a management approach and include intersegment sales.

Information By Business Segment

Net Sales

		Three Months Ended September 30,	Nine Months Ended September 30,					
		Three Months Ended March 31,			Three Months Ended March 31,			
In millions	In millions	2023	2022	2023	2022	In millions	2024	2023
Europe	Europe	\$184	\$130	\$ 624	\$ 382			

Latin America	Latin America	246	270	718	734
North America	North America	476	589	1,455	1,646
Intersegment Sales	Intersegment Sales	(9)	(21)	(40)	(61)
Net Sales	Net Sales	\$897	\$968	\$2,757	\$2,701

Business Segment Operating Profit

		Three Months Ended September 30,	Nine Months Ended September 30,						
		Three Months Ended March 31,		Three Months Ended March 31,					
In millions		2023	2022	2023	2022	In millions		2024	2023
Europe	Europe	\$ (14)	\$ 19	\$ (2)	\$ 38				
Latin America	Latin America	55	58	149	156				
North America	North America	75	98	217	226				
Business Segment	Business Segment								
Operating Profit	Operating Profit	\$116	\$175	\$364	\$420				
Income from continuing operations before income taxes		\$ 91	\$147	\$302	\$345				
Income before income taxes									
Interest (income)	Interest (income)								
expense, net	expense, net	9	18	28	52				
Net special items	Net special items								
expense (income)	expense (income)								
(a)	(a)	16	10	34	23				

Business Segment	Business Segment
Operating Profit	Operating Profit
	\$116 \$175 \$364 \$420

(a) Special items represent income or expenses that are incurred periodically, rather than on a regular basis. Net special items in the periods presented primarily include transaction integration costs related to the Nymölla acquisition, professional and legal fees related to negotiations resulting in a shareholder cooperation agreement, the impact of the step-up of acquired Nymölla inventory sold during the first quarter certain severance costs related to our salaried workforce of 2023 and one-time costs incurred in the prior year associated with the spin-off.

NOTE 18 RELATED PARTY TRANSACTIONS other charges.

Prior to the spin-off on October 1, 2021, we historically operated as part of International Paper and not as a standalone company. As a result of the spin-off on October 1, 2021, Sylvamo became an independent public company. On September 12, 2022, International Paper sold its remaining shares of Sylvamo stock. Therefore, International Paper is no longer a related party. The following discussion summarizes activity between the Company and International Paper both prior and subsequent to the spin-off and up to the time International Paper was deemed to no longer be a related party.

Related Party Sales and Purchases

The Company purchases certain of its products from International Paper which are produced in facilities that remained with International Paper. The Company continues to purchase uncoated freesheet and bristols pursuant to offtake agreements between the Company and International Paper. The Company purchased inventory associated with the offtake agreements of \$462 million for the nine months ended September 30, 2022.

The Company purchases fiber pursuant to fiber purchase agreements between the Company and International Paper. The Company purchased inventory associated with the fiber supply agreements of \$153 million for the nine months ended September 30, 2022.

The Company also purchases certain packaging materials from International Paper. These packaging purchases totaled \$12 million for the nine months ended September 30, 2022.

Transition Services Agreement

Pursuant to the Transition Services Agreement, International Paper and Sylvamo provided certain services to one another on an interim, transitional basis. The services included certain information technology services, finance and accounting services and human resources and employee benefits services. The agreed-upon charges for such services were generally intended to allow the providing company to recover all costs and expenses for providing such services. The total amount of expenses incurred by the Company under the Transition Services Agreement for the nine months ended September 30, 2022 was \$21 million. The Company is no longer receiving services under this agreement as of October 1, 2022.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included in ["Financial Information"](#) of this Quarterly Report on Form 10-Q (this "Form 10-Q") and the Company's Form 10-K for the three years ended [December 31, 2022](#) [December 31, 2023](#), [2021](#) [2022](#) and [2020](#). [2021](#). In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs that involve significant risks and uncertainties. Our actual results could differ materially from those stated and implied in any forward-looking statements. Factors that could cause or contribute to those differences include those discussed below and elsewhere in this Form 10-Q and in our [2022](#) [2023](#) Form 10-K, particularly under the headings ["Risk Factors"](#) and ["Forward-Looking Statements."](#)

EXECUTIVE SUMMARY

Third First quarter [2023](#) [2024](#) net income from continuing operations was [\\$58 million](#) [\\$43 million](#) [\(\\$1.37](#) [1.02](#) per diluted share) compared with [\\$49 million](#) [\\$97 million](#) [\(\\$1.14](#) [2.25](#) per diluted share) for the second quarter, first quarter of 2023. Net sales were [\\$897 million](#) [\\$905 million](#) in the current quarter compared with [\\$919 million](#) [\\$941 million](#) in the second quarter, prior year. Cash from operations was [\\$197 million](#) [\\$27 million](#) compared to [\\$77 million](#) [\\$63 million](#) in the prior quarter, first quarter of last year. Adjusted EBITDA was [\\$158 million](#) [\\$118 million](#) and our adjusted EBITDA margin was [17.6%](#) [13%](#) compared to [\\$124](#)

million \$208 million and an adjusted EBITDA margin of 13.5% 22% in the second quarter, first quarter of 2023. Free cash flow was \$155 million \$(33) million compared to \$33 million \$2 million in the prior quarter, first quarter of 2023.

Comparing our performance in the third first quarter of 2024 to the second quarter, prior year, price and mix decreased, primarily partially offset by higher volume in all three regions. We benefited from lower input and transportation costs in the current quarter which was partially offset by higher planned maintenance outage costs due to lower paper prices in Europe and Latin American export markets, as well as lower global pulp prices. Volume was slightly favorable the timing of outages in Latin America and North America as compared to the prior year.

Uncoated freesheet conditions continue to improve. Our order books in Europe and stable North America have strengthened versus 2023 levels and we have implemented previously communicated price increases in Europe. Operations both paper and costs were flat, driven by better operating and supply chain results that were offset by higher unabsorbed fixed costs due to increased economic downtime. Additionally, we had no major planned outages in the third quarter. Input and transportation costs improved in the current quarter, driven by favorable fiber, chemical and transportation costs. During the third quarter, we initiated a cost reduction program to streamline our organization and cost structures. Before inflation, pulp across all regions. In addition, we are targeting run rate savings experiencing stabilization of at least \$110 million by the end of 2024. Approximately two-thirds of the target will come from operational improvements in our mills and supply chains. The balance will consist of selling and administrative cost reductions, including the elimination of approximately 150 positions, or nearly 7% of our global salaried workforce. input costs.

Looking ahead to the fourth second quarter of 2024, we expect price and mix to be unfavorable primarily favorable reflecting the realization of prior paper price decreases increases in Europe all regions and unfavorable geographical favorable mix in Latin America and North America. Volume is expected to improve, reflecting seasonally stronger volume demand in Latin America and the completion of destocking plus continued momentum in Europe and North America. Operations and costs are expected to increase primarily improve due to higher seasonal operating lower costs in Europe and North America. We expect stable unabsorbed fixed costs America as well as lower economic downtime in North America. Additionally, we continue to match supply to our customers demand and right-size our inventory levels. Planned maintenance outage expenses will be higher coming out of the third quarter, where we did not have any outages, as we have planned maintenance outages across all three of our business regions. Additionally, expect input and transportation costs are expected to be flat as better transportation and energy costs in North America will be largely offset by unfavorable fiber costs in Latin America. Lastly, we expect planned maintenance outage costs to increase due to seasonally higher energy costs. slightly from the first quarter as we will spend about three quarters of our total annual planned maintenance costs in the first half of the year.

Acquisition of Nymölla

On January 2, 2023, the Company completed the previously announced acquisition of Stora Enso's uncoated freesheet paper mill in Nymölla, Sweden. Sylvamo accounted for the acquisition under ASC 805, "Business Combinations" and the Nymölla mill's results of operations are included in Sylvamo's condensed consolidated financial statements from the date of acquisition. See [Note 7 Acquisitions](#) for further details.

Divestiture of Russian Operations

During the second quarter of 2022, management committed to a plan to sell the Company's Russian operations (which were sold on October 2, 2022). As a result, the operating results of the Company's Russian operations have been classified as "Discontinued operations, net of taxes" for all periods presented in the condensed consolidated statement of operations. See [Note 8 Divestiture and Impairment of Business](#) for further details.

Pillar Two Directive

The Organization for Economic Co-Operation and Development ("OECD") has been working on a project to act to prevent what it refers to as base erosion and profit shifting ("BEPS"). Most recently, the OECD, through an association of almost 140 countries known as the "inclusive framework," has announced a consensus to address, among other things, perceived challenges presented by global digital commerce ("Pillar 1") and the perceived need for a minimum global effective tax rate of 15% ("Pillar 2"). On December 15, 2022, the European Union formally adopted the Pillar Two Directive, and a majority of EU member states have enacted the directive into domestic law as of December 31, 2023. Other countries are taking similar actions. The Pillar Two Directive has not had a material impact on our condensed consolidated financial statements.

BUSINESS SEGMENT RESULTS

Overview

Management provides business segment operating profit, a non-GAAP financial measure, to supplement our GAAP financial information, and it should be considered in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Management believes that business segment operating profit provides investors and analysts useful insights into our operating performance. Business segment operating profit is reconciled to Income from continuing operations before income taxes, the most directly comparable GAAP measure. Business segment operating profit may be determined or calculated differently by other companies and therefore may not be comparable among companies.

The following table presents a comparison of Income from continuing operations before taxes to business segment operating profit:

	Three Months Ended September 30,	Nine Months Ended September 30,	Three Months Ended March 31,				
Income From Continuing Operations Before Income Taxes	\$ 91	\$147	\$302	\$345			
<i>In millions</i>							
<i>In millions</i>							
<i>In millions</i>							
<i>In millions</i>							
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<i>In millions</i>							
<i>In millions</i>							
<i>In millions</i>							
<i>In millions</i>							
Interest (income) expense, net	Interest (income) expense, net	9	18	28	52		
Net special items expense (income)	Net special items expense (income)						
(b)	(b)	16	10	34	23		
						2024	2023

Business Segment	Business Segment	Operating	Operating	
Profit (a)	Profit (a)	\$116	\$175	\$364
Europe	Europe	<u>\$116</u>	<u>\$175</u>	<u>\$364</u>
Latin America	Latin America	55	58	149
North America	North America	75	98	217
Business Segment	Business Segment			
Operating	Operating			
Profit (a)	Profit (a)	\$116	\$175	\$364
		<u>\$116</u>	<u>\$175</u>	<u>\$364</u>

(a) We define business segment operating profit as our income *from continuing operations* before income taxes calculated in accordance with GAAP, excluding net interest expense (income) and net special items. We believe that business segment operating profit is an important indicator of operating performance as it is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments.

(b) Net special items represent income or expenses that are incurred periodically, rather than on a regular basis. Net special items in the periods presented primarily include *transaction integration* costs related to the Nymölla acquisition, professional and legal fees related to negotiations resulting in a shareholder cooperation agreement, the impact of the step-up of acquired Nymölla inventory sold during the first quarter *certain severance costs related to our salaried workforce of 2023* and *one-time costs incurred in the prior year associated with the spin-off*.

other charges.

Three Months Ended September 30, 2023 **March 31, 2024** Compared to the **Three Months Ended September 30, 2022** **March 31, 2023**

 Q1 2024 Operating Profit Bridge vs. Q1 2023.jpg

Nine Months Ended September 30, 2023 Compared to the Nine Months Ended September 30, 2022

 Q3 2023 YTD vs Q3 2022 YTD updated.jpg

The following tables present net sales and operating profit, which is the Company's measure of business segment profitability, for each of the Company's segments. See [Note 17.16 Financial Information by Business Segment and Geographic Area](#) for more information on the Company's segments.

Europe

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Sales	\$ 184	\$ 130	\$ 624	\$ 382
Operating Profit	\$ (14)	\$ 19	\$ (2)	\$ 38

Three Months Ended September 30, 2023 Compared to the Three Months Ended September 30, 2022

In millions	Three Months Ended March 31,	
	2024	2023

Net Sales	\$	207	\$	230
Operating Profit	\$	(4)	\$	23

Our Europe business segment net sales increased \$54 million decreased \$23 million, compared to the same period in 2022, 2023, primarily due to net lower sales contributed by Nymölla price and mix (\$88.46 million), which more than offset lower higher volumes (\$5 million) and decreased sales prices and mix (\$27.26 million).

Europe operating profit was \$33 million \$27 million lower than the same period in 2022, 2023, driven primarily by lower sales prices and less favorable product mix (\$27.46 million) and higher operating costs (\$1 million) which more than offset the impacts of lower input costs, primarily for chemicals (\$8 million), higher volumes (\$7 million) and lower unabsorbed fixed costs due to economic downtime (\$9 million), lower volumes (\$1 million), slightly higher planned maintenance outages (\$1 million) and higher operating costs (\$6 million), which were partially offset by lower input costs, primarily for energy (\$7 million) and operating profit contributed by Nymölla (\$4 million).

Nine Months Ended September 30, 2023 Compared to the Nine Months Ended September 30, 2022

Our Europe business segment net sales increased \$242 million, compared to the same period in 2022, primarily due to net sales contributed by Nymölla (\$305 million), which more than offset decreased sales volumes (\$51 million) and decreased sales prices and mix (\$4 million).

Europe operating profit was \$40 million lower than the same period in 2022, driven primarily by higher planned maintenance outages (\$22 million), higher input costs, primarily for purchased fiber and chemicals (\$5 million), higher unabsorbed fixed costs due to economic downtime (\$20 million), lower volumes (\$9 million), lower sales prices and mix (\$5 million) and higher operating costs (\$9 million) which more than offset operating profit contributed by Nymölla (\$30 million).

Latin America

In millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net Sales	\$ 246	\$ 270	\$ 718	\$ 734
Operating Profit	\$ 55	\$ 58	\$ 149	\$ 156

Three Months Ended September 30, 2023 Compared to the Three Months Ended September 30, 2022

In millions	Three Months Ended March 31,	
	2024	2023
Net Sales	\$ 216	\$ 222
Operating Profit	\$ 14	\$ 46

Our Latin America business segment net sales decreased \$24 million \$6 million, compared to the same period in 2022 due to decreased 2023, primarily driven by a decrease in sales volumes (\$14 million), as well as decreased sales prices price and mix (\$15.34 million) which more than offset higher volumes (\$25 million).

Operating profit for Latin America was \$3 million \$32 million lower than the same period in 2022, due to 2023, as lower sales prices and mix (\$15 million) and lower volumes (\$5 million), which more than offset the benefits of lower planned maintenance outages (\$7 million), lower input costs, primarily for chemicals and pulp (\$9 million) and slightly lower operating costs (\$1 million).

Nine Months Ended September 30, 2023 Compared to the Nine Months Ended September 30, 2022

Our Latin America business segment net sales decreased \$16 million, compared to the same period in 2022, primarily driven by lower sales volumes (\$54 million) that were partially offset by increased sales prices and mix (\$34 million).

Operating profit for Latin America was \$7 million lower than the same period in 2022, as increased sales prices and more favorable product mix (\$34 million), lower operating costs (\$6.14 million) and higher outage costs (\$11 million) more than offset higher volumes (\$5 million) and lower planned maintenance outages (\$2 million), were more than offset by higher input costs (\$22 million), primarily for purchased fiber, pulp, chemicals and pulp (\$27 million) and lower volumes (\$22 million).

energy.

North America

In millions	Three Months Ended		Nine Months Ended	
	September 30, 2023	2022	September 30, 2023	2022
Net Sales	\$ 476	\$ 589	\$ 1,455	\$ 1,646
Operating Profit	\$ 75	\$ 98	\$ 217	\$ 226

Three Months Ended September 30, 2023 Compared to the Three Months Ended September 30, 2022

In millions	Three Months Ended	
	March 31, 2024	2023
Net Sales	\$ 490	\$ 505
Operating Profit	\$ 62	\$ 97

Our North America business segment net sales was \$113 million lower, decreased \$15 million, compared to the same period in 2022, due to lower sales volumes (\$98 million), as well as decreased sales prices and less favorable product mix (\$13.35 million) more than offset higher volumes (\$16 million).

Operating profit for North America was \$23 million lower than the same period in 2022, 2023, primarily due to lower volumes, decreased sales prices and less favorable product mix (\$33.35 million), higher outage costs (\$14 million) and operating costs (\$17 million) which more than offset higher volumes (\$5 million), lower unabsorbed fixed costs due to economic downtime (\$29.6 million) and decreased sales price and mix (\$13 million), which more than offset the benefits of lower planned maintenance outages (\$1 million), lower input costs (\$20 million) primarily for wood, energy and distribution costs, chemicals, as well as purchased fiber (\$51 million).

Nine Months Ended September 30, 2023 Compared to the Nine Months Ended September 30, 2022

Our North America business segment net sales were \$191 million lower compared to the same period in 2022, as lower sales volumes (\$264 million) were partially offset by increased sales prices and product mix (\$85 million).

Operating profit for North America was \$9 million lower than the same period in 2022, primarily due to lower volumes (\$85 million) and higher unabsorbed fixed costs due to economic downtime (\$61 million), which more than offset the benefits of increased sales prices and more favorable product mix (\$85 million), lower operating costs (\$7 million) and decreased input costs, primarily for energy and distribution costs (\$45 million).

costs.

Non-GAAP Financial Measures

Management provides Adjusted EBITDA, a non-GAAP financial measure, to supplement our GAAP financial information, and it should be considered in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Management uses this measure in managing the operating performance of our business and believes that Adjusted EBITDA provide investors and analysts meaningful insights into our operating performance and is a relevant metric for the third-party debt. Adjusted EBITDA is reconciled to Net income, the most directly comparable GAAP measure. Adjusted EBITDA may be determined or calculated differently by other companies and therefore may not be comparable among companies.

In millions	In millions	Three Months Ended September 30,		Nine Months Ended September 30,		In millions	Three Months Ended March 31,		2023
		2023	2022	2023	2022		2024		
Net Income (Loss)		\$ 58	\$ 57	\$ 204	\$ 24				
Less: Discontinued operations, net of taxes		—	(52)	—	(224)				
Net Income From Continuing Operations		58	109	204	248				
Net Income									
Income tax provision	Income tax provision	33	38	98	97				
Interest (income) expense, net	Interest (income) expense, net	9	18	28	52				
Depreciation, amortization and cost of timber harvested	Depreciation, amortization and cost of timber harvested	36	30	105	94				
Stock-based compensation	Stock-based compensation	6	5	21	16				
Transition service agreement expense		—	6	—	21				
Net special items expense (income) (a)	Net special items expense (income) (a)	16	10	34	23				
Adjusted EBITDA (b)	Adjusted EBITDA (b)	\$158	\$216	\$ 490	\$ 551				
Net Sales	Net Sales	\$897	\$968	\$2,757	\$2,701				
Adjusted EBITDA Margin	Adjusted EBITDA Margin	17.6 %	22.3 %	17.8 %	20.4 %	Adjusted EBITDA Margin		13.0 %	22.1 %

(a) **Special Net special items represent income or expenses that are incurred periodically, rather than on a regular basis. Net special items in the periods presented primarily include transaction integration costs related to the Nymölla acquisition, professional and legal fees related to negotiations resulting in a shareholder cooperation agreement, the impact of the step-up of acquired Nymölla inventory sold during the first quarter certain severance costs related to our salaried workforce of 2023 and one-time costs incurred in the prior year associated with the spin-off, other charges.**

(b) **We define Adjusted EBITDA (non-GAAP) as net income (GAAP) excluding discontinued operations, net of taxes plus the sum of income taxes, net interest expense (income), depreciation, amortization and cost of timber harvested, transition service agreement expense, stock-based compensation, and, when applicable for the periods reported, special items.**

Free cash flow is a non-GAAP measure and the most directly comparable GAAP measure is cash provided by operating activities from continuing operations. Management believes that free cash flow is useful to investors as a liquidity measure because it measures the amount of cash generated that is available, after reinvesting in the business, to maintain a strong balance sheet and service debt, and return cash to shareowners. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures. By adjusting for certain items that are not indicative of the Company's ongoing performance, free cash flow also enables investors to perform meaningful comparisons between past and present periods.

The following is a reconciliation of Cash provided by continuing operations to Free Cash Flow:

	Three Months Ended September 30,		Nine Months Ended September 30,			Three Months Ended March 31,	2024	2023
	In millions	2023	2022	2023	2022	In millions		
Cash provided by operating activities from continuing operations		\$197	\$146	\$337	\$276			
Cash provided by operating activities								
Adjustments: Adjustments:								
Cash invested in capital projects	Cash invested in capital projects	(42)	(32)	(147)	(91)			
Cash invested in capital projects	Cash invested in capital projects							
Free Cash Flow	Free Cash Flow	\$155	\$114	\$190	\$185			

The non-GAAP financial measures presented in this Form 10-Q as referenced above have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with GAAP. In addition, because not all companies utilize identical calculations, the Company's presentation of non-GAAP measures in this Form 10-Q may not be comparable to similarly titled measures disclosed by other companies, including companies in the same industry as the Company.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our ability to fund the Company's cash needs depends on our ongoing ability to generate cash from operations and obtain financing on acceptable terms. Based upon our history of generating strong operating cash flow, we believe we will be able to meet our short-term liquidity needs. We believe we will meet known or reasonably likely future cash requirements through the combination of cash flows from operating activities, available cash balances and available borrowings through the issuance of third-party debt, as needed.

A major factor in our liquidity and capital resource planning is our generation of operating cash flow, which is highly sensitive to changes in the pricing and demand for our products. While changes in key operating cash costs, such as raw materials, energy, mill outages and distribution expenses do have an effect on operating cash generation, we believe that our focus on commercial and operational excellence, as well as our ability to manage costs and working capital, will provide sufficient cash flow generation to meet our operational and capital spending needs.

The terms of the agreements governing our debt contain customary limitations for the financing as well as other provisions. These provisions may also restrict our business and, in the event we cannot meet the terms of those provisions, may adversely impact our financial condition, results of operations or cash flows.

Operating Activities

Cash provided by operating activities from continuing operations totaled \$337 million for the nine months ended September 30, 2023 March 31, 2024, compared with cash provided by operating activities from continuing operations of \$276 million for the nine months ended

September 30, 2022 March 31, 2023. The increase decrease in cash provided by operating activities in 2023 2024 relates primarily to lower net income offset by changes in working capital.

Cash provided by used for working capital components (accounts and notes receivable, inventories, accounts payable and accrued liabilities, and other) was \$3 million \$64 million for the nine three months ended September 30, 2023 March 31, 2024, compared with cash used for working capital components of \$86 million \$81 million for the nine three months ended September 30, 2022 March 31, 2023. The nine three months ended September 30, 2023 March 31, 2024 working capital components primarily reflect \$99 million \$8 million of cash provided by our accounts and \$72 million notes receivable balance, offset by \$5 million, \$45 million and \$22 million of cash used for our inventories, accounts payable and accrued liabilities balances, and other operating activities, respectively. The three months ended March 31, 2023 working capital components primarily reflect \$82 million and \$18 million of cash provided by our accounts and notes receivable and other operating activities, respectively, offset by \$46 million \$81 million and \$122 million in \$100 million of cash used for our inventories and accounts payable and accrued liabilities balances, respectively. The nine months ended September 30, 2022 working capital components primarily reflect \$81 million and \$76 million of cash used for our accounts and notes receivable and inventories, respectively, offset by \$18 million and \$53 million of cash provided by our accounts payable and accrued liabilities balances and other operating activities.

Investment Activities

The total cash used for investing activities from continuing operations for the nine three months ended September 30, 2023 increased March 31, 2024 decreased from the nine three months ended September 30, 2022 March 31, 2023, primarily due to the purchase of the Nymölla mill and the increase in capital spending which occurred in the current prior year.

The following table shows capital spending by business segment:

Nine Months Ended September 30,		Three Months Ended March 31,		Three Months Ended March 31,	
In millions	In millions	2023	2022	In millions	2024
Europe	Europe	\$ 24	\$ 4		
Latin America	Latin America	77	45		
North America	North America	42	20		
Corporate	Corporate	4	22		
Total	Total	\$147	\$ 91		

Capital spending primarily consists of purchases of machinery and equipment related to our global mill operations and reforestation and timber purchase costs in Latin America.

Financing Activities

Cash used for financing activities from continuing operations for the nine three months ended September 30, 2023 March 31, 2024 primarily reflects the payments of \$60 million, \$34 million, \$20 million, \$6 million, \$7 million, and \$8 million \$4 million on our outstanding principal debt balances for the Revolving Credit Facility, AR Securitization, Term Loan F, and Term Loan A, respectively. These amounts are primarily offset by a draw on our AR Securitization of \$6 million. During the three months ended March 31, 2024 the Company also paid \$12 million in dividends and repurchased \$5 million of our shares pursuant to our share repurchase program. Cash used for financing activities for the three months ended March 31, 2023 primarily reflects the payments of \$30 million, \$10 million, and \$7 million on our outstanding principal debt balances for the AR Securitization, Revolving Credit Facility, and Term Loan F.

respectively. Additionally, \$360 million was paid to bond holders as part of our tender offer. These amounts are primarily offset by the issuance of Term Loan A, draws on our Revolving Credit Facility, and AR Securitization of \$300 million, \$70 million, \$300 million, \$70 million, and \$70 million, \$60 million, respectively. During the nine months ended September 30, 2023, March 31, 2023 the Company also paid \$32 million in dividends and repurchased \$53 million of our shares pursuant to our share repurchase program. Cash used for financing activities from continuing operations for the nine months ended September 30, 2022, primarily reflects the payments of \$140 million, \$20 million and \$10 million on our outstanding principal debt balances for Term Loan B, the Revolving Credit Facility and Term Loan F, respectively.

Contractual Obligations

Our 2022 Form 10-K included disclosures of our contractual obligations and commitments as of December 31, 2022. We continue to make the contractually required payments, and, therefore, the 2022 obligations and commitments described in our 2022 Form 10-K have been reduced by the required payments.

Capital Expenditures

For the nine months ended September 30, 2023, March 31, 2024, we have invested approximately \$147 million, \$60 million, or 5.3% of net sales, in total capital expenditures. Over that period, we spent approximately \$131 million, or 4.8% of net sales, in maintenance, regulatory and reforestation capital expenditures, and approximately \$16 million, or 0.6% of net sales, in high-return capital projects. Our annual maintenance, regulatory and reforestation capital expenditures are expected to be in the range of approximately \$175 to \$190 million per year (before inflation) for the next several years, which we believe will be sufficient to maintain our operations and productivity. In addition, we expect to spend up approximately \$30 million to \$35 million on high-return projects in 2023, 2024.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires the Company to establish accounting policies and to make estimates that affect both the amounts and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require subjective judgments about matters that are inherently uncertain.

Accounting policies whose application may have a significant effect on the reported results of operations and financial position of the Company, and that can require judgments by management that affect their application, include the accounting for impairment or disposal of long-lived assets and goodwill, business combinations and income taxes.

The Company has included in the Form 10-K a discussion of these critical accounting policies, which are important to the portrayal of the Company's financial condition and results of operations and require management's judgments. The Company has not made any changes in these critical accounting policies during the first nine months of 2023.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains information that includes or is based upon forward-looking statements. Forward-looking statements forecast or state expectations concerning future events. These statements often can be identified by the fact that they do not relate strictly to historical or current facts. They typically use words such as "anticipate," "assume," "could," "estimate," "expect," "project," "intend," "plan," "believe," "should," "will" and other words and terms of similar meaning, or they are tied to future periods in connection with discussions of the Company's performance. Some examples of forward-looking statements include those relating to our business and operating outlook, future obligations and anticipated expenditures.

Forward-looking statements are not guarantees of future performance. Any or all forward-looking statements may turn out to be incorrect, and actual results could differ materially from those expressed or implied in forward-looking statements. Forward-looking statements are based on current expectations and the current economic environment. They can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and other factors that are difficult to predict.

Although it is not possible to identify all of these risks, uncertainties and other factors, the impact of the following factors, among others, on us or on our suppliers or customers, could cause our actual results to differ from those in the forward-looking statements: the deterioration of global and regional economic and political conditions, where we operate such as including the impact of wars and other conflicts in Ukraine and the Middle East; physical, financial and reputational risks associated with climate change; public health crises that could have impacts similar to those experienced as continuing inflation that increases a result of the COVID-19 pandemic; increased costs or reduced availability of the raw materials, energy, transportation (truck, rail and ocean) and labor needed to manufacture and deliver our costs of operating, conditions such as economic recession decreasing products; reduced demand for our products and due to industry-wide declines in demand for paper, the war in Ukraine potentially spreading or causing significant economic disruption,

particularly in Europe where we operate; workforce, natural gas, fuel and transportation shortages experienced by us and our suppliers creating challenges for our and their operations to overcome, increasing suppliers' prices charged us and increasing our costs of operating; a resurgence cyclical nature of the COVID-19 pandemic paper industry or the occurrence competition from other businesses; a material disruption at any of another public health crisis that results in new governmental measures implemented to address it that impede our our suppliers' or our customers' operations, and that exacerbates inflation, workforce and transportation shortages; climate change and physical and financial risks to us associated with fluctuating regional and global weather conditions or patterns; reduced truck, rail and ocean freight availability resulting in higher costs to us or poor service; manufacturing facilities; information technology risks related to including potential breaches of security which may result in the distribution of company, customer, employee and vendor information; cybersecurity breaches; extensive environmental laws and regulations, as well as tax and other laws, in the United States, Brazil and other countries in jurisdictions to which we operate, which could result in substantial are subject, including our compliance costs to and risk of violations and liability; our reliance on a small number of customers; a failure by us as a result of compliance with, violations of or liabilities under these laws; failure to attract and retain senior management and other key and skilled employees, particularly in the current tight labor market; the employees; loss of our commercial agreements with International Paper; failure of our separation from International Paper to qualify as a tax-free transaction for U.S. federal income tax purposes; our indebtedness and its impact having a material adverse effect on our ability financial condition, or our inability to operate and satisfy generate sufficient cash to service our debt obligations; the limited trading history of our common stock; indebtedness; and the factors disclosed in Item 1A, 1A. Risk Factors in our annual report on Form 10-K for the year ended December 31, 2022 ("2022 Form 10-K"), as such disclosures may be amended, supplemented or superseded from time to time by other reports that we file with the U.S. Securities and Exchange Commission (the "SEC"), including subsequent quarterly reports on Form 10-Q, annual reports on Form 10-K and current quarterly reports on Form 8-K. 10-Q.

We assume no obligation to update any forward-looking statements made in this quarterly report to reflect subsequent events or circumstances or actual outcomes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information relating to quantitative and qualitative disclosures about market risk is shown on page 44 of the Company's Form 10-K, which information is incorporated herein by reference. There have been no material changes in the Company's exposure to market risk since December 31, 2022 December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure of Controls and Procedures:

Management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2023 March 31, 2024. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of such date and designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is: recorded,

processed, summarized and reported within the time periods specified in SEC rules and forms; and accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting:

In January 2023, the Company completed the previously announced its acquisition of Stora Enso's uncoated freesheet paper mill in Nymölla, Sweden. Due to As of January 1, 2024, the timing of this acquisition, we have excluded this business from our evaluation Company had completed its integration of the effectiveness of Nymölla mill into the Company's internal control over financial reporting.

Changes in Internal Control over Financial Reporting:

The Company is in In the process first quarter of integrating the recently acquired Nymölla mill into the Company's internal control over financial reporting. As a result of these integration activities, certain controls may be changed. Excluding the Nymölla acquisition, 2024, there were no changes in our the Company's internal control over financial reporting that occurred in the third quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our its internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Sylvamo may be involved in legal proceedings arising from time to time in the ordinary course of business. Sylvamo is not involved in any legal proceedings that we believe will result, individually or in the aggregate, in a material adverse effect upon our financial condition or results of operations. [Note 12.11 Income Taxes](#) and [Note 13.12 Commitments and Contingent Liabilities](#) of the Notes to the Condensed Consolidated Financial Statements in this Form 10-Q are incorporated into this Item 1 by reference.

Item 103 of Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and the proceedings involve potential monetary sanctions, unless we reasonably believe the monetary sanctions will not equal or exceed a threshold of \$1 million (which is the threshold we elected to use as permitted by this regulation). The matters set forth in [Note 13.12 Commitments and Contingent Liabilities](#) and incorporated herein are disclosed in accordance with such requirement.

ITEM 1A. RISK FACTORS

The risk factors that affect our business and financial results are set forth under Part I, Item 1A, "Risk Factors," in our [2022](#) [2023](#) Form 10-K. There have been no material changes to the risk factors described in the [2022](#) [2023](#) Form 10-K. The risk factors in "Item [1A. Risk Factors](#)," in our [2022](#) [the 2023](#) Form 10-K and the risks described in this Form 10-Q or our other SEC filings could cause our actual results to differ materially from those stated in any forward-looking statements.

ITEM 2. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Part of the Publicly Announced Program	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Program (in millions)
				Total Number of Shares Purchased as of Last Day of the Period
July 1, 2023 - July 31, 2023	— \$ —	—	— \$ —	30
August 1, 2023 - August 31, 2023 (a)	76,816 \$	39.73	74,518 \$	27
September 1, 2023 - September 30, 2023	242,702 \$	41.57	242,702 \$	167
Total	319,518		317,220	

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share	Part of the Publicly Announced Program	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Program (in millions)
				Total Number of Shares Purchased as of Last Day of the Period
January 1, 2024 - January 31, 2024	1,613 \$	49.11	— \$ —	150
February 1, 2024 - February 29, 2024	1,948 \$	46.43	— \$ —	150
March 1, 2024 - March 31, 2024	202,074 \$	60.12	91,264 \$	145
Total	205,635		91,264	

(a) [2,298](#) [114,371](#) shares were acquired from employees from share withholdings under the Company's long term incentive compensation program.

On May 18, 2022, the Board approved [an initial](#) a share repurchase program under which the Company may purchase up to an aggregate amount of \$150 million of shares of its common stock (the "Repurchase Program"). In the third quarter of 2023, the Board authorized an additional \$150 million for the Repurchase Program, bringing the total program capacity to \$300 million, of which [\\$167 million](#) [\\$145 million](#) remains available for repurchases. Pursuant to

the Repurchase Program, the Company may repurchase in amounts, at prices and at such times as it deems appropriate, subject to market conditions and other considerations, including all applicable legal requirements. Repurchases may include purchases on the open market or privately negotiated transfers, under Rule 10b5-1 trading plans, under accelerated share repurchase programs, in tender offers and otherwise. The Repurchase Program does not obligate the Company to acquire any particular amount of shares of its common stock and may be modified or suspended at any time at the Company's discretion. The Company repurchased **\$13 million** **\$5 million** of shares during the three months ended **September 30, 2023** **March 31, 2024**.

ITEM 6. EXHIBITS

3.1	Amended and Restated Certificate of Incorporation of Sylvamo Corporation (incorporated by reference to Exhibit 3.1 to Sylvamo Corporation's Registration Statement on Form S-8 filed with the SEC on September 28, 2021).
3.2	Amended and Restated By-Laws of Sylvamo Corporation (incorporated by reference to Exhibit 3.2 to Sylvamo Corporation's Current Report on Form 8-K filed with the SEC on October 1, 2021).
10.2	[†] 2024 Long-Term Incentive Plan Award Agreement Terms and Conditions (incorporated by reference to Exhibit 10.15 to Sylvamo Corporation's Annual Report on Form 10-K filed with the SEC on February 21, 2024 (the "Form 10-K filed 2/21/2024").
10.3	[†] Sylvamo Corporation 2024 Annual Incentive Plan (incorporated by reference to Exhibit 10.17 to the Form 10-K filed 2/21/2024).
31.1*	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.
101.SCH XBRL	Taxonomy Extension Schema.
101.CAL XBRL	Taxonomy Extension Calculation Linkbase.
101.DEF XBRL	Taxonomy Extension Definition Linkbase.
101.LAB XBRL	Taxonomy Extension Label Linkbase.
101.PRE XBRL	Extension Presentation Linkbase.
104.	Cover Page Interactive Data File (formatted as Inline XBRL, and contained in Exhibit 101).

[†] Management contract or compensatory plan or arrangement

* Filed herewith

** Furnished herewith

Items 3, 4 and 5 are not applicable and have been omitted.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

SYLVAMO CORPORATION

Date: **November 9, 2023** **May 10, 2024**

By: /s/ Kevin W. Ferguson

Name: Kevin W. Ferguson

Title: Vice-President and Controller

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CERTIFICATION

I, Jean-Michel Ribiéras, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sylvamo Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2023 May 10, 2024

By: /s/ Jean-Michel Ribiéras
 Jean-Michel Ribiéras
 Chairman and Chief Executive Officer

CERTIFICATION

I, John V. Sims, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sylvamo Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2023 May 10, 2024

By: /s/ John V. Sims

John V. Sims
Senior Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Sylvamo Corporation (the "Company") for the period ended **September 30, 2023** **March 31, 2024** (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Jean-Michel Ribiéras

Jean-Michel Ribiéras

Chairman and Chief Executive Officer

November 9, 2023 **May 10, 2024**

By: /s/ John V. Sims

John V. Sims

Senior Vice President and Chief Financial Officer

November 9, 2023 **May 10, 2024**

DISCLAIMER

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